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Executive Officer

# Quarterly Legislative Report

Agenda Item No. 6a.  
September 13, 2006

On August 7, 2006, the Legislature reconvened from summer recess for the remaining 2005-2006 Legislative Session. With final adjournment quickly approaching, legislators continued consideration of bills introduced earlier in the session. Some of these bills are continue to make their way through both houses while others are enrolled and proceeding to the Governor's desk. The last day for Governor Schwarzenegger to sign or veto bills is September 30, 2006.

The following report includes recommended actions for Commission consideration and a summary of the LAFCO-related bills.

## RECOMMENDED ACTIONS:

Staff recommends that the Commission take the following actions:

1. Receive and file the September 13, 2006 Legislative Report.

Respectfully submitted,

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JOYCE CROSTHWAITE

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CAROLYN EMERY

## **DISCUSSION:**

As a reminder, LAFCO-related proposed legislation includes the following:

- AB 3074 (2006 Omnibus Bill) Non-substantive and non-controversial changes to the Cortese-Knox-Hertzberg Act of 2000
- AB 1602 (VLF Funding) An effort to address the revenue loss to local governments created by Proposition 1A
- AB 2223 (Unincorporated small islands) Extension of small islands annexation legislation
- AB 2259 (Previously unserved areas) Extension of LAFCO's authority for review of services to previously unserved areas
- AB 2158 (RHNA) LAFCO policies as a factor in Regional Housing Needs Allocations.

Following is a summary of each of these bills and legislative positions adopted by the Commission at the July 12<sup>th</sup> hearing. The full text of the bills may be reviewed at <http://leginfo.ca.gov>.

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## **Summary of LAFCO Bills of Interest**

### ➤ **AB 1602 (Laird-Santa Cruz)**

In February 2005, Assemblyman Laird introduced a bill to address the revenue gap that was created for cities as a result of Proposition 1A, which included the state-take-away of Vehicle License Fee (VLF)/Property Tax revenues from local governments. More specifically, AB 1602 was seeking to eliminate the restriction on new cities incorporated after August 5, 2004 receiving additional allocations of VLF revenues for a period of seven years – known as the “VLF bump.”

This bill would require that cities that are incorporated after August 5, 2004, but before July 1, 2009, be allocated VLF revenues in an amount determined pursuant to a specified formula. This bill would also require that cities that were incorporated before August 5, 2004, be allocated additional VLF revenues in an amount determined pursuant to a specified formula. This bill would also establish a formula to determine, for purposes of these allocations, the population of a city that is incorporated after August 5, 2004. This bill would declare that it is to take effect immediately as an urgency statute.

- **Status:** On Governor's desk
- **Commission Position:** Adopted “*Support*” position on July 12, 2006

➤ **AB 2158 (Evans-Santa Rosa)**

Existing law requires that at least 2 years prior to a scheduled revision of a city or county housing element of its general plan, each council of governments or delegate subregion shall develop a proposed methodology for distributing the existing and projected housing need to cities, counties, and cities and counties within the region or subregion. The methodology includes a list of specified factors.

This bill would add to that list the factors the adopted spheres of influence for all local agencies in the region and adopted policies of the Local Agency Formation Commission.

- **Status:** Enrolled on August 24, 2006
- **Commission Position:** Adopted "**Support**" position on July 12, 2006

➤ **AB 2223 (Salinas-Salinas)**

Existing law requires LAFCO to approve, after notice and hearing, an annexation to a city of unincorporated island territory (consisting of 150 acres or less) if the annexation is initiated on or after January 1, 2000, and before January 1, 2007, and other conditions are met.

This bill would delete the January 1, 2007 limitation and extend this date to January 1, 2014 and would make other conforming changes.

Our Commission in collaboration with the County and several cities has been successful in annexing 27 (nearly half) of the 57 small unincorporated islands (150 acres or less) within Orange County. Based on a survey prepared by CALAFCO in April 2006, Orange LAFCO has annexed more small islands than any other LAFCO in state and is at the top of the group for island annexations that are in process with potential for annexation in the near future. Therefore, staff recommends that the Commission support AB 2223 which in passage would extend the islands legislation sunset date to January 2014.

- **Status:** Enrolled on August 24, 2006
- **Commission Position:** Adopted "**Support**" position on July 12, 2006

➤ **AB 2259 (Salinas-Salinas)**

Existing law authorizes LAFCO until January 1, 2007 to review and approve a proposal that extends services into previously unserved territory within unincorporated areas and to review the creation of new service providers to extend urban type development into previously unserved territory within unincorporated areas to ensure that the proposed extension is consistent with the policies of the commission and certain policies under state law.

This bill would extend the operation of the above provision to January 1, 2013.

- **Status:** On Governor's desk
- **Commission Position:** Adopted "**Support**" position on July 12, 2006

➤ **AB 3074 (Senate Local Government Committee)**

CALAFCO is working closely with the Senate Local Government Committee and legislative staff to "clean up" various areas of the Cortese-Knox-Hertzberg Act (CKH). This remains an ongoing effort to make a series of technical and non-controversial changes to correct or clarify government code specific to the CKH Act.

- **Chaptered:** August 28, 2006; Effective January 1, 2007
- **Commission Position:** Adopted "**Support**" position on July 12, 2006

Final recess for the Legislature begins August 31, 2006. A brief legislative report to update the Commission on final status of pending legislation will be given at the December 13<sup>th</sup> hearing.